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MEXICO TRAMWAYS COMPANY



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UNIVERSITY OF ILLINOIS

DIRECTORS REPORT
AND ACCOUNTS

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Mexico Tramways Company

Incorporated under the Laws of the Dominion of Canada

Head Office

Manning Arcade, TORONTO, Canada

General Offices

INDIANILLA, MEXICO CITY, Mexico
34 Bishopsgate, LONDON, E.C., England

DIRECTORS' SEVENTH ANNUAL REPORT

for the year ending

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MANCHESTER

UNION

DECEMBER 31st, 1913

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Mexico Tramways Company

Board of Directors

F. S. PEARSON, Dr. Sc., C.E., M.I.C.E., <i>President</i>	New York.
Z. A. LASH, K.C., <i>Vice-President</i>	Toronto, Canada.
H. MALCOLM HUBBARD, <i>Vice-President</i>	London, England.
MILLER LASH, <i>Vice-President</i>	Toronto, Canada.
ROBERT C. BROWN, <i>Vice-President</i>	Toronto, Canada.
HARRO HARRSEN, <i>Managing Director</i>	Mexico City, Mexico.
SIR WILLIAM C. VAN HORNE, K.C.M.G.	Montreal, Canada.
E. N. BROWN	Mexico City, Mexico.
E. R. WOOD	Toronto, Canada.
WALTER GOW	Toronto, Canada.
VICOMTE GASTON DE BRETEUIL	Paris, France.
PAUL EUGENE DUTASTA	Paris, France.
CHEV. ROBERT DE BAUER	Brussels, Belgium.
J. S. LOVELL	Toronto, Canada.
B. H. BINDER	London, England.

General Manager

CHARLES B. GRAVES, Mexico City, Mexico.

Secretary

U. DE B. DALY, Toronto, Canada.

Assistant Secretaries

P. MENDEZ Y MENDEZ,
Mexico City, Mexico.

T. PORTER,
London, England.

Trustees for the Bondholders

NATIONAL TRUST COMPANY, Limited, Toronto, Canada.

Transfer Agents and Registrars

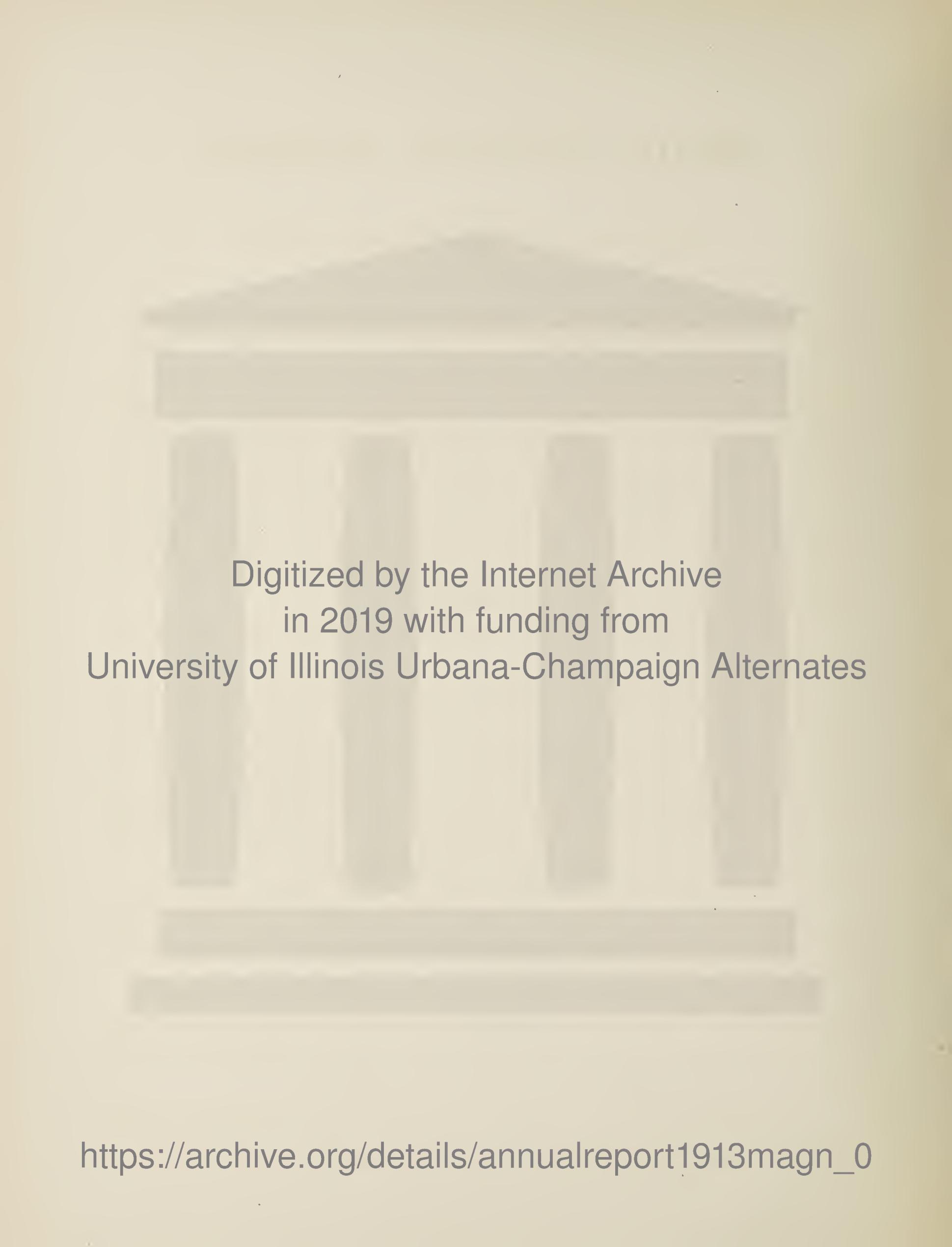
NATIONAL TRUST COMPANY, Limited, Toronto, Canada.

Solicitors

BLAKE, LASH, ANGLIN & CASSELS, Toronto, Canada.
CANCINO & RIBA, Mexico City, Mexico.

Auditors

McAULIFFE, DAVIS & HOPE, Mexico City, Toronto, Canada, and London, England.



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Mexico Tramways Company

DIRECTORS' SEVENTH ANNUAL REPORT

The Board of Directors beg to submit the Annual Accounts of the Company for the year ended 31st December, 1913, together with their report thereon.

As will be seen from the accompanying accounts, the net revenue from operation for the year 1913 amounted to 3,164,755.78 Pesos, as compared with 3,018,950.00 Pesos for the year 1912. This revenue, converted into Canadian currency at the average monthly rate of exchange, gave a profit from operation of \$1,340,557.40 gold, to which has been added the income from securities and other sources, viz. \$1,391,650.25, and the credit balance of \$1,462,928.51 brought forward from last year, making a total credit on Profit and Loss Account for the year of \$4,195,136.16. Out of this sum have been paid the current expenses and fixed charges, amounting to \$1,473,419.33, and four quarterly dividends at the rate of Seven per cent. (7%) per annum on the Share Capital of the Company, leaving a credit balance on the Profit and Loss Account of \$1,382,966.83, which has been carried forward.

The ratio of operating expenses to earnings for the year 1913 was 46.48%, as compared with 47% in 1912.

The amount standing to the credit of the Reserve Account at the end of the year 1912 was \$2,547,756.15. The Board have not found it possible to add anything to this account, but, on the other hand, have deemed it advisable to apply \$711,151.71 thereof in writing down the value of certain of the Company's investments and accounts and providing for the extraordinary expenditure incurred by the Company during the year for the protection of its properties on account of the disturbed conditions in Mexico, and in writing off the expenses in connection with the issue of 35,126 additional shares in the capital of the Company issued at the end of the year 1912. There now remains therefore to the credit of the Reserve Account the sum of \$1,836,604.44.

Since the beginning of the present year, the Board have considered it advisable, owing to the continued state of political unrest in Mexico, and the consequent heavy fall in exchange, to defer for the present the payment of further dividends on the Share Capital of the Company.

The policy adopted by the Board for the protection of the Company's properties during the disturbances of 1912 has remained unchanged, and although considerable extraordinary expenditure has been incurred in connection therewith the Board are glad to report that the Company has been able to continue operation and has not sustained any serious damage to its properties.

It is impossible to predict when the conditions in Mexico will become normal, but the Board consider that the recent news on the Mexican Situation shows a tendency to an improvement in the present state of affairs.

On 31st December, 1913, the tramway system comprised 213.532 miles of single track, of which 204.087 miles were operated by electricity and 9.445 miles by mules, the electric track mileage having been increased by 10.787 miles and the mule track mileage having been reduced by 5.555 miles.

The usual statistics regarding the Company are appended to this Report for the information of Shareholders, and show that the physical condition of the Company's undertaking in all departments is satisfactory. The property has been maintained in good condition and repair, and for this purpose 741,610.64 Pesos have been expended during the year.

In the month of October last year, the Board, on behalf of the Company, authorized the creation of £1,200,000 6% 3-Year Secured Notes, conferring on the holders the right of converting the same into Ordinary Shares of the Company at par. When the financial situation is favorable for the purpose, the Board propose to issue the Notes and apply the proceeds towards paying off the outstanding temporary loans of the Company.

In order to provide for the right of conversion given by the Notes, the Share Capital of the Company was increased in November, 1913, by the creation of an additional 100,000 Shares of \$100 each. These Shares remain in the Treasury of the Company.

The Board regret exceedingly having to report the death, in December last, of Mr. W. E. Davidson, while travelling to Mexico. His loyal services since his appointment as Secretary of the Company in 1909 were greatly appreciated by the Board. Mr. U. de B. Daly has been appointed as his successor.

Mr. Alexander Strausz, Jr., the Treasurer in Mexico, was compelled to resign his position owing to ill-health, and the Board are taking steps to appoint a successor.

The Board desire to record their great appreciation of the services of the officials of the Company resident in Mexico during a very trying period, and particularly wish to express their thanks to Mr. Harro Harrsen, Managing Director, Mr. C. B. Graves, General Manager, and Mr. Luis Riba, Legal Representative, for the able manner in which they have managed the Company's affairs and protected the Company's interests in Mexico during the period under review.

By Order of the Board,

U. de B. DALY,

Toronto, Canada,

Secretary.

11th September, 1914.

SCHEDULE OF CAR EQUIPMENT

From 1909 to 1913

		1909	1910	1911	1912	1913
Combination 1st and 2nd Class Passenger and Baggage						
Motor Car . . . . .		. . .	. . .	. . .	1	1
First Class Passenger Motor Cars, Electric		238	240	240	251	251
" " Trail " "		25	25	25	25	25
Second " " Motor " "		8	8	8	8	8
" " Trail " "		59	60	60	65	65
First " " Mule " (Std. Gauge)		31	24	24	24	21
Second " " " "		14	13	12	12	11
First " " " (Narrow Gauge)		22	17	17	9	1
Second " " " "		5	5	5	5	1
Freight Motor Cars, Electric		36	41	41	41	37
" Trail " "		72	72	72	72	71
" Mule "		27	28	24	20	10
" Steam "		13	. . .	. . .	. . .	. . .
Funeral Equipment		56	58	58	58	58
Valley Railway Locomotives		1	. . .	. . .	. . .	. . .
Miscellaneous		45	72	76	74	72
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
		652	663	662	665	632

During the past year the Company has built the following equipment:

1st Class Passenger Motor Car, Electric—Series 300	1
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During the past year the following equipment was demolished:

First Class Passenger Motor Cars, Electric	1
" " " Mule " (Std. Gauge)	2
Second " " " " (" ")	1
" " " " (Narrow Gauge)	1
Freight Motor Cars, Electric	4
" Trail " "	1
" Mule "	2

During the past year the Company has sold the following equipment:

First Class Passenger Mule Cars (Narrow Gauge)	8
" " " " (Std. Gauge)	1
Second " " " " (Narrow Gauge)	3
Freight Mule Cars	8
Automobile "Franklin"	1
" Chalmers"	1

COMPARATIVE STATEMENT OF TRACK MILEAGE

	ELECTRIC	MULES	TOTAL
1909	145.245	26.655	171.90
1910	158.62	21.31	179.93
1911	175.506	19.554	195.06
1912	193.30	15.00	208.30
1913	204.087	9.445	213.532

SCHEDULE OF GROSS EARNINGS, OPERATING EXPENSES, AND MISCELLANEOUS
INFORMATION FROM 1909 TO 1913

	1909	1910	1911	1912	1913
CAR EARNINGS:					
Passengers.....	\$4,420,690.16	\$4,772,855.66	\$4,977,052.78	\$5,555,894.85	\$5,733,988.94
Tickets.....	486,962.49	504,550.00	550,812.65	618,071.25	662,339.50
Touring Cars.....	7,004.50	7,407.22	477.00	.....	.....
Chartered Cars.....	11,149.59	19,513.13	12,816.12	20,766.40	23,922.60
Freight.....	216,145.63	276,019.86	228,838.01	183,736.49	167,390.00
Baggage and Parcels.....	87,813.52	103,570.70	108,163.93	100,702.81	97,565.85
Funeral.....	153,248.56	150,822.01	148,752.55	160,312.21	150,262.47
Total.....	<u>5,383,014.45</u>	<u>5,834,738.58</u>	<u>6,026,913.04</u>	<u>6,639,484.01</u>	<u>6,835,469.36</u>
MISCELLANEOUS EARNINGS AND INCOME:					
	57,272.42	47,795.25	150,057.84	183,191.74	122,152.83
TOTAL EARNINGS AND INCOME.....	\$5,440,286.87	\$5,882,533.83	\$6,176,970.88	\$6,822,675.75	\$6,957,622.19
OPERATING EXPENSES INCLUDING TAXES:					
	<u>\$2,721,457.03</u>	<u>\$2,885,924.46</u>	<u>\$3,000,352.33</u>	<u>\$3,206,901.00</u>	<u>\$3,233,992.82</u>
PASSENGERS CARRIED FOR CASH FARES:					
1st Class.....	52,772,825	55,771,796	57,994,240	65,897,541	68,408,209
2nd Class.....	19,206,742	20,561,721	22,597,671	24,514,378	25,988,835
Total.....	<u>71,979,567</u>	<u>76,333,517</u>	<u>80,591,911</u>	<u>90,411,919</u>	<u>94,397,044</u>
CAR MILEAGE:					
Motors and Trailers.....	10,348,183	11,093,178	11,582,549	12,702,281	12,712,232
Animal.....	628,692	638,676	497,555	318,015	197,499
Freight and Sundry.....	907,446	1,063,321	935,436	985,464	833,616
Total.....	<u>11,884,321</u>	<u>12,795,175</u>	<u>13,015,540</u>	<u>14,005,760</u>	<u>13,743,347</u>
AVERAGE 18 HOUR CARS OPERATED PER DAY:					
Electric.....	217.32	234.40	217.99	224.02	221.26
Mule.....	18.38	18.60	12.35	9.10	6.06
Total.....	<u>235.70</u>	<u>253.00</u>	<u>230.34</u>	<u>233.12</u>	<u>227.32</u>
AVERAGE EARNINGS PER PASSENGER CAR PER DAY.....					
	57.05	57.15	65.79	72.36	77.09
AVERAGE PASSENGER RECEIPTS PER CAR MILE.....					
	.4468	.4498	.4247	.4861	.5032
OPERATING EXPENSES, NOT INCLUDING TAXES, PER CAR MILE, PASSENGER AND FREIGHT SERVICE.....					
	.2389	.2373	.2216	.2440	.2456
DAILY AVERAGE EARNINGS FROM OPERATION.....					
	14,747.98	15,985.59	16,887.05	18,614.88	18,727.31
DAILY AVERAGE OPERATING EXPENSES					
	7,182.59	7,626.55	7,901.08	8,468.37	8,553.32
PERCENTAGE OF GROSS EXPENDITURES, INCLUDING TAXES, TO GROSS EARNINGS AND INCOME.....					
	50.02	49.06	48.57	47.00	46.48
MULES ON HAND.....					
	330	278	237	154	149
HORSES ON HAND.....					
	12	12	24	15	15
Total Animals.....					
	<u>342</u>	<u>290</u>	<u>261</u>	<u>169</u>	<u>164</u>

MEXICO TRAM
Incorporated under the Laws

BALANCE SHEET

ASSETS

PROPERTIES, SECURITIES AND CONTRACTS ACQUIRED:

As per last Balance Sheet.....	\$24,592,710.43
ADD: Capital Expenditure on the Company's properties to December 31st, 1912, transferred from Mexico Electric Tramways, Ltd., and further expenditure during the year including discount and expenses on the issue of Bonds and cost of sundry Securities acquired, less amounts written off certain of the Company's miscellaneous and other investments	3,593,616.23 \$28,186,326.66

STOCK OF STORES ON HAND AND IN TRANSIT	975,419.78
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MULES AND HORSES.....	6,082.80
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ACCOUNTS AND BILLS RECEIVABLE—DEPOSITS WITH GOVERNMENT, Etc.	202,549.64
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ADVANCES TO AND FROM SUBSIDIARY AND OTHER COMPANIES CONTROLLED BY THE COMPANY:

Balance as per last Balance Sheet.....	\$16,011,481.82
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ADD: Further Advances during the year, less credits.....	927,952.23 16,939,434.05
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NOTE: Partly secured by second mortgage bonds and investments of The Mexican Light & Power Co., Ltd.

CASH AT BANKS AND ON HAND.....	169,948.75
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\$46,479,761.68	
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WAYS COMPANY
of the Dominion of Canada

DECEMBER 31st, 1913

Canadian Currency

LIABILITIES

SHARE CAPITAL:

Authorized—300,000 shares of \$100 each—	\$30,000,000.00
Issued— 200,000 shares of \$100 each, fully paid.....	\$20,000,000.00

GENERAL CONSOLIDATED FIRST MORTGAGE FIFTY YEAR FIVE PER CENT. GOLD BONDS:

Authorized \$15,000,000.00	
In the hands of the public	\$10,087,500.00
Held by the Trustees on account of Sinking Fund.....	210,500.00

SIX PER CENT. FIFTY YEAR MORTGAGE BONDS:

Authorized £3,150,000 0 0	
Sold— £1,250,000 0 0, at \$4.86 $\frac{2}{3}$	6,083,333.33

NOTE: Certain of the Company's 6 per cent. Bonds and Investments are pledged to secure loans of the Company and a loan of The Mexican Light and Power Co., Ltd.

SIX PER CENT. THREE YEAR SECURED NOTES:

Authorized but not issued, £1,200,000.

ACCRUED INTEREST FOR BONDHOLDERS	357,913.70
UNCLAIMED DIVIDENDS AND UNPAID COUPONS	46,342.95
LOANS AND ACCRUED INTEREST.....	6,024,132.07
ACCOUNTS PAYABLE, EXCHANGE RESERVE AND OTHER CREDIT BALANCES.....	450,468.36

RESERVE ACCOUNT (including appropriations made for depreciation)

At December 31st, 1912..... \$2,547,756.15

LESS: Extraordinary expenses incurred during the year by reason of the unsettled condition of the Republic, amount written off certain of the assets, and share issue expenses..... 711,151.71

1,836,604.44

PROFIT AND LOSS ACCOUNT:

Credit Balance as per Account	1,382,966.83
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\$46,479,761.68

To the Shareholders, Mexico Tramways Company:

We report that we have examined the foregoing Balance Sheet with the Books and Accounts of the Company, and in our opinion such Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs at 31st December, 1913, according to the best of our information and the explanations given to us, and as disclosed by the books of the Company.

Threadneedle House, London, E.C.,
and Mexico City.
August 20th, 1914.

(Sgd.) McAULIFFE, DAVIS & HOPE, Auditors,
Chartered Accountants.

MEXICO TRAM

Incorporated under the Laws

HEAD OFFICE, TORONTO, PROFIT AND LOSS ACCOUNT

TO TORONTO and LONDON OFFICE EXPENSES, including Advertising, Legal Expenses, etc.....	\$ 140,986.50
" INTEREST ON LOANS.....	360,727.67
" INTEREST on General Consolidated First Mortgage Fifty Year Five Per Cent. Gold Bonds.....	509,510.16
" INTEREST on Six Per Cent. Fifty Year Mortgage Bonds	365,000.00
" SINKING FUND on account of General Consolidated First Mortgage Fifty Year Five Per Cent. Gold Bonds.....	97,195.00
" QUARTERLY DIVIDENDS, Nos. 22 to 25 inclusive.....	1,338,750.00
" BALANCE, carried to Balance Sheet.....	1,382,966.83
	<hr/> <hr/> \$4,195,136.16

WAYS COMPANY

of the Dominion of Canada

FOR THE YEAR ENDED DECEMBER 31st, 1913

Canadian Currency

BY BALANCE as at December 31st, 1912.....	\$1,462,928.51
“ PROFIT from Operation of the System after providing for Lease Rentals—\$3,164,755.78 Mexican Currency at average monthly rates of exchange.....	1,340,557.40
“ INTEREST and DIVIDENDS on Loans to and Securities of other Companies owned or controlled by the Company.....	1,391,650.25
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	\$4,195,136.16

MEXICO TRAM

Incorporated under the Laws

MEXICO CITY PROFIT AND LOSS ACCOUNT

TO OPERATING AND GENERAL EXPENSES.....	\$2,380,350.41
" MAINTENANCE.....	741,610.64
" TAXES.....	112,031.77
" GROSS PROFIT from Operation, carried down.....	3,723,629.37

\$6,957,622.19

TO RENTALS and FIXED CHARGES payable to Subsidiary Companies under Leases, less amount received back as Interest and Dividends on Securities held in such Companies.....	\$ 558,873.59
" BALANCE transferred to Head Office, Toronto, Profit and Loss Account.....	3,164,755.78
	<hr/> <p style="text-align: right;">\$3,723,629.37</p> <hr/>

WAVES COMPANY

of the Dominion of Canada

OR THE YEAR ENDED DECEMBER 31st, 1913

Mexican Currency

BY EARNINGS FROM TRAFFIC..... \$6,835,469.36

" MISCELLANEOUS EARNINGS 122,152.83

\$6,957,622.19

BY GROSS PROFIT from Operation, brought down..... \$3,723,629.37

\$3,723,629.37



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MEXICO TRAMWAYS COMPANY

NOTICE

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Shareholders of MEXICO TRAMWAYS COMPANY will be held on Thursday, the 22nd day of October, 1914, at 11 o'clock in the forenoon, at the office of the Company, Manning Arcade, 24 and 28 King Street West, Toronto, Canada, for the purpose of receiving the Annual Report of the Board of Directors of the Company, for the election of Directors and for such other purposes as may be dealt with at an Annual Meeting.

The Stock Transfer Books of the Company will be closed from the 13th day of October, 1914, to the 22nd day of October, 1914, both days inclusive.

BY ORDER of the Board,

**U. de B. DALY,
Secretary.**

Manning Arcade
24 and 28 King Street West
TORONTO, Canada
Dated the 11th Sept., 1914.